The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and its impact on Welfare Reform

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Abstract
The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) was enacted to overhaul a welfare system mired with flaws. Two things differentiated this legislation from its predecessors: termination of welfare as a federal entitlement and mandatory work requirements. Although the welfare rolls have decreased and the number of “welfare leavers” working has increased, several issues have arisen. Job retention rates, decreased standards of living for families of “leavers,” and states’ provision of services to address issues such as substance and drug abuse and mental health are key issues in this debate. This paper explains the two opposing positions in the welfare reform debate and offers insight into available literature on this subject.
Introduction

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) was designed to promote self-sufficiency among welfare recipients. Under this legislation Aid to Families with Dependent Children (AFDC), a federal public assistance entitlement program was terminated. Under PRWORA, each state receives a block grant allocation to be used in the implementation of maintenance of effort (MOE). MOE includes all the efforts undertaken by a state welfare agency to assist recipients with obtaining and maintaining gainful employment. Spending on needy families must be at least 75% of the amount spent in FY 1994 on the programs eliminated through TANF such as AFDC and the Job Opportunities and Basic Skills Training (Annual Report to Congress 2003). The total grant is $16.8 million annually and these funds covers benefits, administrative expenses, and services (U.S. Department of Health and Human Services 2001). States are given enormous flexibility to customize their TANF programs as needed to promote stronger family structures, personal responsibility, and self-sufficiency through work. Bonuses, in the form of additional grant monies are offered as incentives for states’ to comply with MOE’s. Further, states’ failure to comply with certain mandates results in monetary penalties.

Since the implementation of PRWORA, welfare rolls have decreased by about 60% from 1994-2000 (Besharov 2003). While some scholars attribute this decline to PRWORA, others cite the flourishing economy of the 1990s as a key reason why more recipients began working. Other scholars cite the change in the “culture of welfare” as a key factor in decreased welfare rolls. In light of all these assumptions, there has been no consensus on the actual impact of PRWORA on welfare reform. As such, the
reauthorization of TANF has been riddled with controversy. Additionally, President Bush has drafted several presidential initiatives to prevent states from abusing the leeway that’s been granted them (Bennett 2003). This paper will evaluate whether or not PRWORA legislation has significantly impacted welfare reform.

Literature Review

Proponents of welfare reform cite that PRWORA has been overwhelmingly successfully. O’Neill and Hill (2001) found that between August 1996, when PRWORA was enacted, and September 2000 the number of families on welfare decreased by 50%. Additionally, O’Neill and Hill (2001) concluded that this decline was largest for the most disadvantaged group; Black and Hispanic single mothers between the ages of 18-29 years with children under the ages of seven years that are unmarried, high school dropouts. The decline in welfare rolls has been attributed to the change in the “psychology of the program” (O’Neill and Hill 2001). This change refers to the shift from welfare being an entitlement to a privilege, with mandatory work conditions and restricted eligibility for benefits. Simply, there is now a 5-year lifetime limit for receipt of TANF benefits and a work requirement that all able-bodied adults fulfill a work requirement after 2 years on the program.

“Welfare to workfare” is the primary focus of TANF. Recipients are encouraged to seek self-sufficiency through gainful employment. Both the work requirements and time limits eliminate the choice of being on welfare. Those individuals who possess a lackadaisical attitude towards work are penalized. This shift in culture is designed to dissuade recipients from remaining on welfare for extended periods of time. In fact, some states are requiring unemployed welfare recipients to perform a specified number of
community service hours per month in exchange for a check (Rodgers 2003). Proponents of PRWORA also cite the state’s responsibility for implementing whatever programs necessary to ensure that work requirements are met. Each state’s federal funding is directly tied to their compliance with specific work conditions. Thus, they are more apt to require recipients to participate so as to not have their block grants reduced.

Opponents of welfare reform cite the favorable economic conditions of the 1990s as the key reason for the sharp decline in welfare recipients. It has been noted that continued employment has been an issue for a fair amount of recipients. In fact, a study conducted by the Department of Health and Human Services (DHHS) found that only a little more than 1/3 of welfare “leavers” were employed in all four quarters in a year (2000). This trend suggests that the problem is not one of acquisition but rather, one of job retention. Rodgers (2003) states that this trend illustrates the lack of innovation that states employ in implementation of job readiness programs. Furthermore, the job market is exacerbated by the current recession.

Another criticism in the PRWORA debate is the notion of “welfare to workfare.” The assumption is that gainful employment will lead to self-sufficiency and ultimately, an enhanced standard of living for the recipient and his family. However, a DHHS study in 2002 found that “employed leavers” tend to be financially better off than they were while on welfare but are still either poor or very close to poverty (Loprest 1999). The overwhelming majority of welfare leavers are still living below the poverty level and their lives have not always been enhanced through their entering into the workforce. In fact, Rodgers (2003) notes that healthcare and nutrition are two problems that occur as a result of leaving welfare. This is largely due to the fact that many “leavers” are deemed
ineligible for full benefits once their incomes reach a specific amount. Often, they are unable to totally provide for themselves or their families at this point.

**Policy Option**

After reviewing the available literature on PRWORA, it has been determined that the current legislation is inadequate. Although there are wonderful data depicting the illustrious success of PRWORA on welfare reform, it is the researcher’s contention that external factors account for a substantial portion of “welfare leavers.” The flourishing economy and the change in the culture of welfare contributed to the decline in welfare rolls. There was a significant decline in the welfare rolls between the years of 1994-2000, yet it did not result in better standards of living for the families affected. Welfare to workfare, in its present state, does nothing more than force people to either work or become ineligible for services. If a person were able to get a job and provide for their family, why would they choose to apply for welfare? If given a choice, the average person would select gainful employment over welfare. The assumption that a person can get a job simply because they are required to do so is over-simplistic.

Welfare to Workfare can be effective, if recipients are given the proper training and skills to assist them in retaining the jobs. A key criticism of the current PRWORA legislation is that it is merely a “quick fix” solution. On the forefront, states are compliant because they require welfare recipients to work and the percentage goals set by PRWORA are met. This failure to adequately deal with confounding issues is a result of the scope of the current legislation. The primary focus of PRWORA is the expedient placement of welfare recipients in the workforce. Issues such as drug and alcohol abuse or mental health issues are not addressed in either the legislation or the current literature.
As a result of PRWORA’s failure to account for these externalities, a large number of welfare leavers end up returning to welfare after a period of time.

Conclusion

While the current PRWORA legislation is inadequate, the need for welfare reform is urgent. With federal block grants to fund TANF totaling $16 billion annually, the focus needs to be on maximization of resources. The shift from AFDC to TANF was monumental, in that it ended the entitlement aspect of welfare and shifted the responsibility for self-sufficiency to the recipient. Although self-sufficiency is a significant goal, many barriers to employment exist for a large number of welfare recipients. Substance and alcohol abuse, mental health issues, and inadequate job skills are but a few obstacles to gainful employment. The key question to address is “What is the final goal of welfare reform?” If it is simply welfare to workfare, then we are well on our way. If ultimate self-sufficiency of welfare families is critical, then we have fallen short of that goal. Providing services to address issues specific to job retention must be another goal of welfare reform. It is only when these issues are addressed that people will be able to successfully provide for themselves and their families without state assistance.
Bibliography


